



**Waywayseecappo First Nation
Consolidated Financial Statements**

For the year ended March 31, 2014

Waywayseecappo First Nation Contents

For the year ended March 31, 2014

	Page
Management's Responsibility	
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations.....	2
Consolidated Statement of Accumulated Operating Surplus.....	3
Consolidated Statement of Change in Net Debt.....	4
Consolidated Statement of Cash Flows.....	5
Notes to the Consolidated Financial Statements.....	6
Schedules	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	16
Schedule 2 - Consolidated Schedule of Expenses by Object.....	18
Schedule 3 - Consolidated Summary Schedule of Revenue and Expenses.....	19
Schedule 4 - Waywayseecappo Operations.....	20
Schedule 5 - Waywayseecappo Education Authority.....	22
Schedule 6 - Waywayseecappo Training.....	23
Schedule 7 - Waywayseecappo Medical Services.....	24
Schedule 8 - Waywayseecappo Social Services.....	25
Schedule 9 - Business Enterprises.....	26

Management's Responsibility

To the Chief and Council and Members of Waywayseecappo First Nation:

The accompanying consolidated financial statements of Waywayseecappo First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Waywayseecappo First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

August 26, 2014



Band Manager

Independent Auditors' Report

To the Chief and Council and Members of Waywayseecappo First Nation:

We have audited the accompanying consolidated financial statements of Waywayseecappo First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, accumulated operating surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Our examination indicated deficiencies in the systems of internal control and in the accounting records for Social Services. As a consequence, we were unable to satisfy ourselves that all revenues and expenses of Social Services had been recorded, nor were we able to satisfy ourselves that the recorded transactions were proper. As a result, we were unable to determine whether adjustments were required in respect of recorded or unrecorded assets, recorded or unrecorded liabilities, and the components making up the statements of financial activities and changes in financial position.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly in all material respects the financial position of Waywayseecappo First Nation as at March 31, 2014 and the results of their operations, change in net debt and their cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Neepawa, Manitoba

August 26, 2014

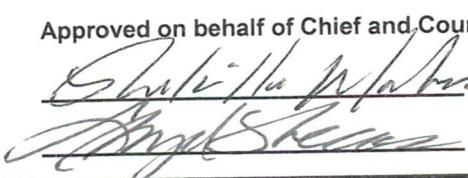
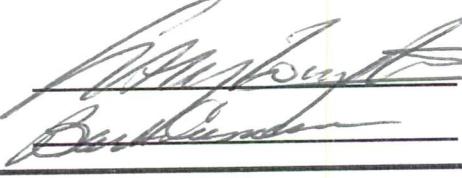
MNP LLP

Chartered Professional Accountants

Waywayseecappo First Nation
Consolidated Statement of Financial Position
As at March 31, 2014

	2014	2013 (Restated)
Financial assets		
Current		
Cash and cash equivalents (Note 3)	906,998	538,938
Accounts receivable (Note 4)	394,517	1,702,203
Inventory for resale (Note 5)	167,461	134,314
Ottawa Trust Fund (Note 6)	8,998	1,927
	1,477,974	2,377,382
Investment in KRW Limited Partnership (Note 7)	1,269,719	1,272,415
VLT administrative fee receivable	-	90,000
Restricted cash (Note 8), (Note 22)	263,291	169,886
	3,010,984	3,909,683
Liabilities		
Current		
Bank indebtedness (Note 9)	683,163	330,156
Accounts payable and accruals (Note 10)	739,932	2,091,713
Deferred revenue (Note 11)	29,935	76,099
	1,453,030	2,497,968
Long-term debt (Note 12)	16,554,367	17,849,126
Term loan payable (Note 13)	941,766	923,210
Replacement reserve (Note 14), (Note 22)	379,205	287,749
	17,875,338	19,060,085
Total long-term liabilities	19,328,368	21,558,053
Net debt	(16,317,384)	(17,648,370)
Contingencies (Note 20)		
Non-financial assets		
Tangible capital assets (Schedule 1)	28,531,180	29,823,171
Prepaid expenses	88,751	130,616
	28,619,931	29,953,787
Accumulated surplus	12,302,547	12,305,417

Approved on behalf of Chief and Council

 **Chief**
 **Councillor**
 **Councillor**

The accompanying notes are an integral part of these financial statements

Waywayseecappo First Nation
Consolidated Statement of Operations
For the year ended March 31, 2014

	2014 Budget	2014	2013 (Restated)
Revenue			
Aboriginal Affairs and Northern Development Canada (Note 15)	13,197,334	14,782,282	14,408,329
Canada Mortgage and Housing Corporation (Note 15)	1,013,000	1,084,464	1,085,825
Health Canada (Note 15)	1,689,479	1,873,985	1,785,390
First Peoples Development Inc. (Note 15)	634,848	690,827	677,268
Province of Manitoba (Note 15)	20,000	27,994	16,500
Administration and licence fees	158,975	288,763	442,423
Commission	-	32,861	31,137
Custom work	-	-	95,169
Dakota Ojibway Tribal Council	-	-	32,619
Donations	-	13,000	500
Fine option	3,172	5,289	4,199
GST and Sales Tax rebates	25,000	21,945	9,479
Income from Waywayseecappo Wolverines	311,097	301,918	294,845
Insurance proceeds	-	47,382	6,117
Interest income	-	8,145	799
Lease income	14,000	49,002	4,691
Loss from investment in Nation partnerships	-	(2,696)	(6,098)
Other revenue	-	6,815	52,476
Rental income	1,985,800	2,029,020	2,027,969
Sales and concession revenue	3,017,600	3,222,701	3,236,430
Tobacco and fuel rebates	435,000	944,882	806,968
Unconditional grant	47,000	48,346	25,000
User fees	80,000	91,471	38,485
Video lottery terminals	2,400,000	2,083,764	2,245,874
Repayment of funding	-	(185,753)	(11,888)
Deferred revenue - current year (Note 11)	-	(29,935)	(76,099)
Deferred revenue - prior year (Note 11)	-	76,099	-
	25,032,305	27,512,571	27,234,407
Expenses			
Waywayseecappo Operations	6,578,971	8,093,726	8,623,023
Waywayseecappo Education Authority	6,361,214	7,572,140	7,052,177
Waywayseecappo Training	634,848	749,502	679,243
Waywayseecappo Medical Services	1,654,751	1,880,494	1,768,632
Waywayseecappo Social Services	4,981,348	4,905,077	4,949,487
Business Enterprises	4,026,813	4,299,760	4,236,042
Total expenses (Schedule 2)	24,237,945	27,500,699	27,308,604
Operating surplus (deficit) before other items	794,360	11,872	(74,197)
Other income (expense)			
Gain (loss) on disposal of capital assets	(196,500)	(14,742)	19,280
Operating deficit (Note 22)	597,860	(2,870)	(54,917)

Waywayseecappo First Nation
Consolidated Statement of Accumulated Operating Surplus
For the year ended March 31, 2014

	2014	2013
	<i>(Restated)</i>	
Accumulated operating surplus, beginning of year, as previously stated	12,480,265	12,570,363
Correction of an error (Note 22)	(174,848)	(210,029)
Accumulated operating surplus, beginning of year, as restated	12,305,417	12,360,334
Operating deficit	(2,870)	(54,917)
Accumulated operating surplus, end of year	12,302,547	12,305,417

Waywayseecappo First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2014

	2014 Budget	2014	2013 (Restated)
Annual operating deficit (Note 22)	-	(2,870)	(54,917)
Purchases of tangible capital assets	-	(811,077)	(1,840,087)
Amortization of tangible capital assets	1,023,000	2,067,176	2,047,839
(Gain) loss on sale of tangible capital assets	(196,500)	14,742	(19,280)
Proceeds of disposal of tangible capital assets	-	21,150	34,000
	826,500	1,291,991	222,472
Acquisition of prepaid expenses	-	-	(81,566)
Use of prepaid expenses	-	41,865	-
Decrease in net debt	826,500	1,330,986	85,989
Net debt, beginning of year (Note 22)	-	(17,648,370)	(17,734,359)
Net debt, end of year	826,500	(16,317,384)	(17,648,370)

Waywayseecappo First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	28,765,947	26,466,081
Cash paid to suppliers	(22,214,150)	(19,721,609)
Cash paid to employees	(3,874,731)	(4,038,213)
Interest income	8,145	799
Interest on long-term debt	(585,472)	(726,822)
	2,099,739	1,980,236
Financing activities		
Advances of long-term debt	408,855	2,291,276
Repayment of long-term debt	(1,703,614)	(2,597,370)
	(1,294,759)	(306,094)
Capital activities		
Purchases of tangible capital assets	(811,077)	(1,840,087)
Proceeds of disposal of tangible capital assets	21,150	34,000
	(789,927)	(1,806,087)
Increase in cash resources	15,053	(131,945)
Cash resources, beginning of year	208,782	340,727
Cash resources, end of year	223,835	208,782
Cash resources are composed of:		
Cash and cash equivalents total (positive only)	906,998	538,938
Bank indebtedness	(683,163)	(330,156)
	223,835	208,782

Waywayseecappo First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

1. Operations

The Waywayseecappo First Nation (the "First Nation") is located in the province of Manitoba, and provides various services to its members. Waywayseecappo First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Waywayseecappo Operations
- Waywayseecappo Education Authority
- Waywayseecappo Training
- Waywayseecappo Medical Services
- Waywayseecappo Social Services
- Business Enterprises

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Investments in First Nation partnerships are accounted for using the modified equity method.

Cash resources

Cash and cash equivalents include balances with banks and short-term investments with maturities of one year or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory held for resale

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Inventory held for resale is classified as a financial asset when all of the following criteria are met:

- Prior to March 31, 2014, the First Nation has committed to sell the asset;
- The asset is in a condition to be sold;
- The asset is publicly seen to be for sale;
- There is an active market for the asset;
- A plan exists for selling the asset; and
- A sale to a party external to the First Nation can reasonably be expected within one year.

Waywayseecappo First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using discounted future cash flows. Any impairment is included in operations for the year.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
Buildings	4-5%
Housing	4-5%
Equipment	10-20%
Roads	10%
Paving	4-7%
Signage	20%
Automotive	30%

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus (deficit).

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Payable to funding agencies is based on anticipated repayment requirements; however, actual repayments will be determined upon funding agencies review of financial statements. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the operations in the periods in which they become known.

Waywayseecappo First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Rental and Other Revenue

Rental revenue is recognized over the rental term. Other revenues earned from other services provided and goods sold by the First Nation are recognized at their fair value when the service is provided or at time of sale.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year. The First Nation has designated cash, accounts receivable, restricted cash, funds held in trust, investments, bank indebtedness, accounts payable and accruals, long-term debt to be subsequently measured at their amortized cost.

Transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments, etc. in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value.

Segments

The First Nation conducts its business through six reportable segments. These segments are differentiated by the major activities or services they provide. The Nation's segments are as follows:

Waywayseecappo Operations - reports on general operations and maintenance programs in the First Nation

Waywayseecappo Education Authority - reports on the operations of educational programs

Waywayseecappo Training - reports on training programs funded by HRDC

Waywayseecappo Medical Services - reports on health and wellness programs in the First Nation

Waywayseecappo Social Services - reports on the operations of the First Nation's social assistance programs

Business Enterprises - reports on the activities related to the First Nation's business entities

Inter-segment transfers are recorded at their exchange amount. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2 the *Significant accounting policies*.

3. Cash and cash equivalents

	2014	2013
Cash on hand	906,998	538,938

Waywayseecappo First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

4. Accounts receivable

	2014	2013
Aboriginal Affairs and Northern Development Canada	-	1,143,460
Trade accounts receivable	403,351	566,541
Members	63,223	67,304
Goods and Services Tax rebates	980	5,078
	467,554	1,782,383
Less: Allowance for doubtful accounts	73,037	80,180
	394,517	1,702,203

5. Inventory for resale

	2014	2013
Waywayseecappo Development Corporation	140,312	120,859
Nayahquong Gaming Center	27,149	13,455
	167,461	134,314

6. Ottawa Trust Fund

The Ottawa Trust Fund accounts arise from funds derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. The First Nation only has funds in the Band Revenue fund.

	2014	2013
Balance, beginning of year	1,927	1,927
Add: Rental	6,529	-
Add: Interest	542	-
	8,998	1,927

7. Investment in KRW Limited Partnership

	2014	2013
Balance, beginning of year	1,272,415	1,278,513
Less: Net Loss	(2,696)	(6,098)
	1,269,719	1,272,415

The Nation holds one-third interest in a partnership with two other First Nations. The partnership owns land in which it rents out.

Waywayseecappo First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

8. Restricted Cash

In accordance with the operating agreement for CMHC Section 95 housing the First Nation is required to set aside funds to cover future obligations for the replacement reserve, excess mortgage advances and Post 1996 operating surplus. As at year end the obligations are as follows and the First Nation has not fully funded these reserves.

	2014	2013
	<i>(Restated)</i>	
Replacement reserve	379,205	287,749
Excess Canada Mortgage and Housing Corporation mortgage advances	119,735	119,735
Restricted Post 1996 operating surplus	703,959	687,197
	1,202,899	1,094,681
Less unfunded reserves	(939,608)	(924,795)
	263,291	169,886

9. Bank indebtedness

Bank indebtedness of \$683,163 (\$330,156 in 2013) includes an operating loan amounting to \$617,315 (\$274,541 in 2013) with monthly interest accumulating at prime plus 1% (effective rate of 4%), secured by ministerial guarantee.

10. Accounts payable and accruals

	2014	2013
Aboriginal Affairs and Northern Development Canada	155,860	41,605
Accrued interest	44,607	56,053
Payroll liabilities	38,436	26,012
Trade accounts payable	501,029	1,968,044
	739,932	2,091,714

11. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance March 31, 2013</i>	<i>Funding Received 2014</i>	<i>Revenue Recognized 2014</i>	<i>Balance March 31, 2014</i>
Health Canada - AHS	32,000	48,894	50,959	29,935
Waywayseecappo Training	19,099	650,692	669,791	-
New Horizons	25,000	-	25,000	-
	76,099	699,586	745,750	29,935

Waywayseecappo First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

12. Long-term debt

	2014	2013
Complex - Peace Hills Trust mortgage repayable in monthly installments of \$60,107 including interest at 5.50%, renewing November 2017, secured by ministerial guarantee.	2,835,861	3,352,127
19 unit RRAP - Peace Hills Trust mortgage repayable in monthly installments of \$3,658 including interest at 4.65%, renewing July 2016, secured by ministerial guarantee.	92,577	129,272
RCMP - Peace Hills trust collateral mortgage repayable in monthly installments of \$5,807 including interest at 5.75%, renewing March 2016, secured by ministerial guarantee.	370,319	411,864
7 unit - LTO - Peace Hills Trust collateral mortgage repayable in monthly installments of \$2,419 including interest at 6.00%, renewing September 2014, secured by ministerial guarantee.	343,995	352,299
20 Unit - Peace Hills Trust mortgage repayable in monthly installments of \$6,294 including interest at 4.25%, renewing May 2016, secured by ministerial guarantee.	884,643	921,932
14 unit - Peace Hills Trust mortgage repayable in monthly installments of \$6,669 including interest at 3.70%, renewing February 2018, secured by ministerial guarantee.	291,567	359,498
21 units - Peace Hills Trust mortgage repayable in monthly installments of \$8,132 including interest at 4.90%, renewing August 2015, secured by ministerial guarantee.	464,128	537,193
30 old - Peace Hills Trust mortgage repayable in monthly installments of \$15,917 including interest at 4.25%, renewing March 2016, secured by ministerial guarantee.	367,556	539,066
10 EPH - Peace Hills Trust mortgage repayable in monthly installments of \$3,564 including interest at 4.25%, renewing July 2016, secured by ministerial guarantee.	142,107	178,039
6 unit - Peace Hills Trust mortgage repayable in monthly installments of \$2,433 including interest at 4.25%, renewing May 2016, secured by ministerial guarantee.	92,770	117,470
5 unit - Peace Hills Trust mortgage repayable in monthly installments of \$2,441 including interest at 4.05%, renewing October 2017, secured by ministerial guarantee.	97,600	122,411
30 new - Peace Hills Trust mortgage repayable in monthly installments of \$14,680 including interest at 3.95%, renewing April 2017, secured by ministerial guarantee.	510,997	663,790
12 units - Peace Hills Trust mortgage repayable in monthly installments of \$6,126 including interest at 5.60%, renewing February 2015, secured by ministerial guarantee.	65,500	133,310
4 Plex - Peace Hills Trust mortgage repayable in monthly installments of \$7,247 including interest at 3.95%, renewing July 2017, secured by ministerial guarantee.	378,114	441,664
10 unit - Peace Hills Trust mortgage repayable in monthly installments of \$3,641 including interest at 3.90%, renewing January 2019, secured by ministerial guarantee.	182,820	215,092
12 unit - Canada Mortgage and Housing Corporation mortgage repaid.	-	8,081
10 unit - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$3,908 including interest at 2.61%, renewing September 2014, secured by ministerial guarantee.	418,641	454,169
10 unit - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$2,739 including interest at 1.80%, renewing October 2016, secured by ministerial guarantee.	108,843	139,459

Waywayseecappo First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

5 unit - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$2,409 including interest at 2.56%, renewing December 2015, secured by ministerial guarantee.	392,283	410,945
5 units - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$1,822 including interest at 1.65%, renewing June 2017, secured by ministerial guarantee.	343,152	359,230
15 units - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$4,905 including interest at 1.71%, renewing September 2017, secured by ministerial guarantee.	929,762	972,383
18 Unit - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$5,663 including interest at 1.67%, renewing June 2018, secured by ministerial guarantee.	1,118,676	1,165,764
7 unit - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$2,977 including interest at 1.67%, renewing June 2018, secured by ministerial guarantee.	587,985	612,734
16 unit - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$5,054 including interest at 2.08%, renewing February 2019, secured by ministerial guarantee.	988,945	1,029,749
3 unit - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$1,425 including interest at 2.23%, renewing August 2014, secured by ministerial guarantee.	278,565	289,344
7 unit - RTM - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$3,559 including interest at 2.51%, renewing March 2015, secured by ministerial guarantee.	697,255	722,216
7 unit - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$4,271 including interest at 2.37%, renewing June 2016, secured by ministerial guarantee.	888,844	918,749
Seven 5 units - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$4,293 including interest at 1.80%, renewing May 2017, secured by ministerial guarantee.	975,198	1,008,893
4 unit phase 1 - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$2,725 including interest at 1.60%, renewing January 2018, secured by ministerial guarantee.	647,630	639,652
4 unit phase 2 - Canada Mortgage and Housing Corporation mortgage repayable in monthly installments of \$2,751 including interest at 1.69%, renewing February 2018, secured by ministerial guarantee.	649,179	642,731
3 unit - Canada Mortage and Housing Corporation mortgage repayable in monthly installments of \$1,836 including interest at 2.40%, renewing October 2018, secured by ministerial guarantee.	408,855	-
	16,554,367	17,849,126

Waywayseecappo First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

Principal repayments on long-term debt in each of the next five years, assuming all long-term debt is subject to contractual terms of repayment, are estimated as follows:

	Principal
2015	1,778,000
2016	1,857,300
2017	1,876,400
2018	1,737,500
2019	1,580,000

Interest on long-term debt amounted to \$585,472 (2013 - \$726,822).

13. Term loan payable

Keesee Trust unsecured demand loan repayable in semi-annual installments of \$25,000, bearing interest at 2.00%. Interest of \$18,556 was accrued for in the current year and no repayments were issued, resulting in the First Nation being in default of loan terms.

	2014	2013
Term loan principal balance, end of year	941,766	923,210

14. Replacement reserve

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the Nation established the following:

- A replacement reserve, established by an annual allocation of \$203,765, to ensure replacement of buildings financed by CMHC. At March 31, 2014, \$379,205 (2013 - \$287,749) has been set aside to fund this reserve. The unfunded portion at March 31, 2014 was \$115,913 (Net book value of tangible capital assets 2013 - \$117,863).

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

15. Government transfers

During the year, the First Nation recognized the following government transfers:

	2014	2013
Aboriginal Affairs and Northern Development Canada	14,782,282	14,408,329
Canada Mortgage and Housing Corporation	1,084,464	1,085,825
Health Canada	1,873,985	1,785,390
First Peoples Development Inc.	690,827	677,268
Province of Manitoba	27,994	16,500
	18,459,552	17,973,312

16. Budget information

The disclosed budget information has been approved by the Chief and Council of the Waywayseecappo First Nation at the budget meeting held on May 31, 2013.

Waywayseecappo First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

17. Pension Benefits

In accordance with the Department of Aboriginal Affairs and Northern Development Canada reporting requirements under the Band Employee Benefits program what follows is a summary of salaries and pension benefits paid to employees of programs funded by the department:

	2014	2013
Total Eligible Salaries	937,893	1,106,927
Eligible Employee Contributions	34,478	38,566
Eligible Employer's Contribution	34,478	38,566
Total Contributions	68,956	77,132
Employees covered by Plan	25	29

18. Economic dependence

Waywayseecappo First Nation receives 54% (2013 - 54%) of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

19. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

20. Contingent liabilities

These consolidated financial statements are subject to review by the Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews.

21. AANDC funding reconciliation

	2014	2013
AANDC revenue per financial statements	14,782,282	14,408,329
Add: Tuition agreement receivable not accounted for	7,546	-
Add: Low cost special education receivable not accounted for	-	13,728
	14,789,828	14,422,057
Less: prior year Tuition agreement receivable	-	(349,349)
AANDC revenue per confirmation	14,789,828	14,072,708

Waywayseecappo First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

22. Correction of an error

During the year, Canada Mortgage and Housing Corporation (CMHC) reviewed their programs with Waywayseecappo First Nation and resolved some long standing issues over the handling of the Pre 1997 and Post 1996 operating surpluses and deficits and the replacement reserves for both programs. It had been understood that a deficit in the Pre 1997 program could be used to offset surpluses in the Post 1996 programs. CMHC has indicated that they now must be accounted for and funded separately. As a result \$56,985 of repairs in 2013 and \$117,863 of repairs prior to 2013 that had been allocated to the replacement reserve now had to be charged against operations. Related changes to the restricted cash and replacement reserve accounts were also required. For 2014 and 2013 the impact of these correction has resulted in the following changes:

Prior year operating deficit as restated	(54,917)
Prior year operating surplus as previously stated	<u>2,068</u>
Change in operating surplus (deficit)	<u>(56,985)</u>
Prior year restricted cash as restated	169,886
Prior year restricted cash as previously stated	<u>-</u>
Change in restricted cash	<u>169,886</u>
Prior year replacement reserve as restated	(287,749)
Prior year replacement reserve as previously stated	<u>-</u>
Change in replacement reserve	<u>(287,749)</u>
Prior year net debt, end of year, as restated	(17,648,371)
Prior year net debt, end of year, as previously stated	<u>(17,530,508)</u>
Change in net debt, beginning of year	<u>(117,863)</u>
Current year opening accumulated surplus as restated	12,305,417
Current year opening accumulated surplus as previously stated	<u>12,480,265</u>
Change in opening accumulated surplus	<u>(174,848)</u>
Current year net debt, beginning of year, as restated	(17,648,371)
Current year net debt, beginning of year, as previously stated	<u>(17,530,508)</u>
Change in net debt, beginning of year	<u>(117,863)</u>